



NEWCO FINANCIAL CORPORATION

Annual Report 1979





CONTENTS

Financial and Operating Highlights	1
President's Report	2
Executive Vice-President's Report	4
Statistical Review.....	6
Auditors' Report	7
Financial Statements	8
The Company's Growth	14
Continental Estates ... Citizens Trust	15
Agency Offices	18
Directors and Officers.....	20

Queen Elizabeth garden, Vancouver / British Columbia Government Photograph





NEWCO FINANCIAL AND OPERATING HIGHLIGHTS

	1979	1978	% Increase
	(Thousands)		
New Life Insurance and Annuities Issued	273,000	265,000	3.0
Life Insurance and Annuities in Force	972,000	790,000	23.0
Total Life Company Assets	76,656	53,097	44.4
Benefits Paid to Policy Owners and Beneficiaries	6,265	4,001	56.6
Net Income before income taxes	1,995	1,780	12.1
Net Income for the year	708	666	6.3
Total Assets	128,003	101,340	26.3



PRESIDENT'S REPORT



Peter G. Ropchan,
President

It is with great pleasure that I submit this report on your company's activities and performance during the fiscal year ended December 31, 1979.

I should like to preface my review of the past year by remarking on an important milestone which your company reached in early 1980: the achievement of one billion dollars of Total Business in Force!

As you may remember, I first projected in 1975 that Newco would reach this objective by the end of 1980. In my 1978 report I brought our target date forward to 1979 . . . and was overly optimistic by a mere handful of days!

So, although this report concerns itself with our 1979 performance, I cannot let this important 1980 achievement pass by without extending sincere congratulations — personally and on your behalf — to the men and women, staff and agents, who worked with such dedication and diligence to reach this much sought-after goal.

Ours, more than almost any other type of endeavour, is a business of human relationships. It is based on a signature and a handshake — tokens of the trust which people place in us to fulfill an obligation stretching many years into the future. That trust, although it resides ultimately with the corporation, can only be a reflection of the trust which one individual places in another. This single factor, supported by the people-oriented plans we devise and offer, is the source of our strength and the foundation of our billion dollar achievement.

As a brief background to the 1979 figures, it is worth noting that they were recorded in an economic and

political climate once again marked by uncertainty. The ills of inflation, relatively high unemployment and marginal economic growth continued to plague our markets in the United States and Canada. International instability helped to create a psychological malaise which led many people to express their distrust of conventional and time-honoured sources of security and investment. Yet despite this context of doubt, your company recorded substantial advances in its performance, indicating once again its inherent ability to surmount unfavourable conditions and depressed markets.

Our principal subsidiary, The North West Life Assurance Company of Canada, continued to perform well. In Canada, we are represented in all provinces except Newfoundland. In the U.S. we are licensed and represented in 12 states and have made application to the relevant authorities for licensing in several others. It is worth noting that our U.S. markets are in the fastest growing areas of the country.

The specific results for North West Life are reviewed elsewhere in this report. However I would like to say that having now reached one billion dollars in force ahead of schedule, I am confident in predicting that the two billion dollar mark will be reached during 1983.

Your company's Investment Income was once again an indicator of the astute and profit-oriented management practices of your Investment Department, rising from the 1978 figure of \$5,772,000 to \$10,780,000 in the fiscal year just past — a growth of 87%. The average net yield on invested assets was 10.37%.



NW Growth Investments Ltd., our wholly-owned investment company, also had a successful year, with consolidated assets of \$42,889,000 at December 31, 1979 as compared with \$39,416,000 a year earlier. Consolidated net income for 1979 was \$893,000 as compared with \$721,000 for 1978.

Continental Estates Corporation Ltd., a mortgage investment company acquired by NW Growth Investments Ltd. in the last quarter of 1978, recorded a successful year, with results beginning to show the influence of new management. Assets rose from \$29,936,000 to \$33,422,000 for an increase of 11.6%, principally due to an increase in clients' deposits plus a more profitable operation. Deposits rose from \$27,993,000 in 1978 to \$31,069,000 in 1979, an advance of 11.0%. Mortgages rose by 36.3%, from \$22,242,000 to \$30,325,000. This growth reflected the investment of substantial amounts of money being held in bank deposit receipts at the time of acquisition. This change in investment policy, and the higher yield secured, also resulted in a considerable growth in net income, from \$54,853 (nine months 1978) to \$230,689 in 1979, representing an annual growth of 215%.

Continental also moved its offices in 1979 to the company's Home Office building. We anticipate important advantages over the long term from this centralization of corporate activities.

Citizens Trust Company: in keeping with your company's policy of diversifying its operations to take advantage of opportunities in allied fields, a new company, Citizens Trust, was formed just prior to year-end. Letters patent incorporating a Federal Trust Company were issued on November 19, 1979. A Certificate of Registry was issued as of January 30, 1980 authorizing the company to commence business.

With Arthur W. Putz as its President, this new company will engage in the activities of a trust company. The range of its services and the scope of its activities will initially be determined by market conditions; however, we anticipate that Citizens Trust will eventually offer the full spectrum of trust company services to an ever-widening market.

NW Fund Management Ltd., our mutual fund sales and management company, manages two mutual funds:

The NW Equity Fund invests in U.S. equities. With assets totalling \$2,361,000, this fund recorded another successful year with a gain in net asset value per share of 19.8% over the previous year.

The NW Canadian Fund, which invests in Canadian equities, recorded assets totalling \$4,631,000 in 1979 — another excellent performance with a gain of 28.2% in net asset value per share over the previous year.

After a year of wide fluctuations and unpredictable performance, both the U.S. and Canadian markets

entered 1980 with a degree of uncertainty. However, yields and dividends in many industries remain high, and although the horizon is by no means clear, it is our opinion that a carefully selected and well managed portfolio of common stocks is still — and will remain — a judicious and rewarding investment.

The rapid growth and diversification of your company requires executive and management skills of a very high calibre. We are indeed fortunate to possess these skills in full measure. It is my pleasure to formally announce a number of senior appointments made during the past year which both recognize these skills and help to equip us for the years ahead. I congratulate these appointees and wish them continued success in their new responsibilities.

The North West Life appointments are:

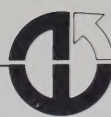
Donald R. Francis, Executive Vice-President; Gerry O. Stibbard, Vice-President and Chief Actuary; Hugh J. McKay, Vice-President, Finance; Donald J. Livingstone, Vice-President and Secretary; Gerry Bouwers, Vice-President, Systems and Administration; Ronald W. Pepper, Vice-President, Product Development; and Gordon G. Ropchan, Vice-President and Treasurer.

Arthur Putz was appointed President of the Citizens Trust Company.

As we enter a new decade I cannot help but express unqualified optimism for the prospects ahead for your company and its people. True, the domestic and international scenes are clouded by uncertainty and fraught with problems; but my optimism is securely founded on our proven ability as a team to harness creativity and energy to turn problems into opportunities and to prosper in the face of difficulty.

We are not immune to a world of shortages and diminished expectations, but we are far less vulnerable than many industries. Our raw material is the desire to serve; our equipment is people — our staff and agents; our product is the plans and policies we create, keyed to the needs of the many public we serve and the many regions in which we operate. And the energy which drives us is the desire to succeed — and that we have in abundance.

Peter G. Ropchan,
President



EXECUTIVE VICE-PRESIDENT'S REVIEW



Donald R. Francis,
Executive Vice-President

It is a special pleasure for me to review the results of the Life Operations. In recent years these results have shown continuing success, and 1979 once again saw new record levels reached in new business, premiums, business in force, assets, and other indicators.

I think it would be useful to put these results in perspective by reviewing the 1979 figures not in isolation but in the context of how much Life Operations have grown in five short years.

New Life Insurance and Annuity Issued business totalled \$273,000,000 in 1979, more than six times the 1974 figure of \$41,000,000. By year-end 1979 we had \$972,000,000 of business in force and were poised to reach the \$1 billion plateau. Only five years ago we had not yet reached the quarter billion dollar mark.

Premium income has shown the same type of growth. In 1979, North West Life recorded over \$27,100,000 of premiums compared with \$4,100,000 in 1974. Assets increased to \$76,600,000 in 1979, up from \$17,000,000 in 1974. We expect to have assets of over \$100,000,000 administered by Life Operations early in 1980. These assets have been put to truly excellent use, having generated \$6,400,000 of investment income during 1979. The equivalent figure five years ago was \$1,200,000.

This five-year growth pattern has been outstanding. It can be matched by few, if any, companies in the industry today.

Going into a new decade, North West Life is soundly positioned as an innovative, consumer-oriented company. Our strategies in both the Canadian and U.S. markets are widely noted. Our products have

been copied word for word by some U.S. companies. Older established companies have tried to find ways to prevent the sale of some of our products in the United States in order to protect their own interests. In Canada we find agency bulletins issued by competitive companies calling us "a tough competitor". We accept the description as a compliment.

The reason for so much attention to our products, and the reason for our rapid rate of growth, is simple. Our products are designed with the consumer in mind. Our new low premium term plan, our high interest annuities, and our single premium adjustable life policy are all examples of our dedication to provide the best possible value. And we plan to continue in this philosophy. We have several equally innovative plans under development for introduction in 1980.

North West Life has demonstrated over the past five years that it has the knowledge and the products to respond to today's market and today's environment.

We confidently expect our growth during the first five years of the 1980s to be just as vigorous as it was in the last five years of the 1970s.

Donald R. Francis,
Executive Vice-President



(l. to r.) Gordon G. Ropchan, Vice-President and Treasurer, Donald J. Livingstone, Vice-President and Secretary, and Donald R. Francis, Executive Vice-President.



(l. to r.) Hugh McKay, Vice-President Finance, Gerry Stibbard, Vice-President and Chief Actuary, and Gerry Bowers, Vice-President Systems and Administration.



Ron W. Pepper, Vice-President Product Development.



Newco Financial Corporation (Continued under the Canada Business Corporations Act)

NEWCO STATISTICAL REVIEW

	1979 (000's)	1978 (000's)	1977 (000's)	1976 (000's)	1975 (000's)
NEW LIFE INSURANCE AND ANNUITIES ISSUED.....	\$273,000	\$265,000	\$202,000	\$166,629	\$ 82,560
LIFE INSURANCE AND ANNUITIES IN FORCE	972,000	790,000	590,000	437,363	300,395
MUTUAL FUND ASSETS UNDER ADMINISTRATION	6,990	6,797	6,192	21,988	23,612
Life premiums and annuity considerations..	27,143	23,619	10,114	6,972	5,049
Investment income.....	10,780	5,772	2,979	1,953	1,504
Realty and other income.....	870	423	374	140	232
Total	39,130	30,125	13,889	9,599	7,529
Payments to Policyholders and Beneficiaries	6,265	4,001	3,119	2,599	2,407
Increase in Policyholder reserves	21,966	19,164	6,076	3,327	2,132
Operating income.....	1,995	1,780	986	691	394
Income taxes	629	507	73	21	—
Minority interests	698	624	114	6	4
Net income	\$ 708	\$ 666	\$ 799	\$ 664	\$ 390
Earnings per share (in dollars)					
—income before extraordinary items	\$ 567	\$ 442	\$ 468	\$ 325	\$ 182
—from extraordinary items	34	11	—	4	10
—for the year	\$ 601	\$ 453	\$ 468	\$ 329	\$ 192

The 1978 income and surplus have been restated as referred to in item 2 of the Notes to Consolidated Statements. Earnings per share figures for 1976 and prior years have been restated in terms of consolidated shares.



AUDITORS' REPORT

The Shareholders, Newco Financial Corporation.

We have examined the consolidated balance sheet of Newco Financial Corporation as at December 31, 1979 and the consolidated statements of income and retained earnings for the year then ended. Our examination of the financial statements of Newco Financial Corporation and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the determinations certified by the Life Assurance subsidiary's valuation actuary as to the actuarial liabilities under insurance and annuity contracts. We have relied on the report of the auditors who have examined the financial statements of a subsidiary company.

A significant portion of these consolidated financial statements reflects the accounts of the Life Assurance subsidiary which are presented in accordance with accounting practices described in Note 1.

In our opinion, based on our examination and the opinion of the valuation actuary, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1979 and the results of its operations for the year then ended, in conformity with accounting practices as referenced in the above paragraph applied on a basis consistent with that of the preceding year.

Vancouver, Canada
February 14, 1980.

Chartered Accountants

VALUATION ACTUARY'S REPORT

The policyholders and shareholders

I have made the valuation of policy contract liabilities of The North West Life Assurance Company of Canada for its balance sheet as at December 31, 1979 and its statement of income for the year then ended. In my opinion, the valuation conforms to the Recommendations for Insurance Company Financial Reporting of the Canadian Institute of Actuaries.

In my opinion, the amount held for liabilities under policy contracts makes proper provision for the obligations payable in the future under the companies' policies and a proper charge on account of those liabilities has been made in the statement of earnings.

Vancouver, Canada
February 14, 1980

G. O. Stibbard, F.S.A., F.C.I.A.
Vice-President and Chief Actuary



Newco Financial Corporation (Continued under the Canada Business Corporations Act)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1979

	1979	1978 (Restated)
	(Thousands)	
ASSETS		
Bonds	\$ 21,390	\$ 15,218
Stocks	9,363	8,109
Mortgage loans on real estate (Note 3)	69,094	48,344
Real estate property held for resale	534	941
Policy loans, secured by cash surrender values	7,105	2,827
Cash and term deposits (Note 4)	6,004	12,482
Segregated fund assets, at market value (Note 5)	1,251	1,149
Premium and investment income receivable	2,311	1,862
Fixed assets less accumulated depreciation and amortization of \$427,00 (1978 - \$414,000)	814	494
Investment in life insurance portfolio, fund management contracts and related agency forces (Note 6)	8,982	9,076
Other assets	1,155	838
	<u>\$128,003</u>	<u>\$101,340</u>

Approved by the Directors

PETER G. ROPCHAN, Director

GERALD T. CORLETT, Director

See accompanying notes to financial statements.

	1979	1978 (Restated)
	(Thousands)	
LIABILITIES		
Policy reserves	\$ 62,389	\$ 40,413
Debentures and savings certificates (Note 7)	31,070	27,993
Other obligations to policyholders	5,677	5,066
Segregated fund policy liabilities	1,049	944
Income taxes payable	167	570
Accounts payable and accrued liabilities	3,892	2,914
Due to shareholders on share consolidations (Note 8)	402	501
Demand bank loan and bank indebtedness (Note 9)	705	308
	105,351	78,709
Minority interests (Note 10)	9,866	10,042
Deferred income taxes	230	147
	115,447	88,898
CAPITAL STOCK AND SURPLUS		
Capital stock (Note 11)		
Authorized		
4,190 common shares, no par value		
Issued and fully paid		
1,130 common shares	5,382	5,851
Contributed surplus (Note 12)	2,456	2,417
Retained earnings	3,053	3,384
Surplus held for investment valuation, currency exchange and miscellaneous assets	1,665	790
	12,556	12,442
	\$128,003	\$101,340



Newco Financial Corporation (Continued under the Canada Business Corporations Act)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978 (Restated)
	(Thousands)	
Balance at beginning of year, as previously reported.....	\$3,760	\$2,206
Adjustments (Note 2).....	(376)	1,090
	3,384	3,296
Less adjustment of income taxes on investment income.....	—	37
Balance as restated	3,384	3,259
Net income for year	708	666
	4,092	3,925
Dividends paid.....	164	143
Transfer to surplus for investment valuation, currency exchange and miscellaneous assets.....	875	398
Balance at end of year	<u>\$3,053</u>	<u>\$3,384</u>

STATEMENT OF SURPLUS HELD FOR INVESTMENT VALUATION, CURRENCY EXCHANGE AND MISCELLANEOUS ASSETS

	1979	1978
	(Thousands)	
Balance at beginning of year.....	\$ 790	\$ 392
Transfer from retained earnings.....	875	398
Balance at end of year.....	<u>\$1,665</u>	<u>\$ 790</u>

See accompanying notes to financial statements.



Newco Financial Corporation (Continued under the Canada Business Corporations Act)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1979

	1979	1978 (Restated) (Thousands)
INCOME		
Life premiums and annuity considerations.....	\$27,143	\$23,619
Investment income.....	10,780	5,772
Mutual fund management and related fees.....	126	160
Realty and other income.....	870	423
Gain on sale of investments	211	151
Total income	<u>39,130</u>	<u>30,125</u>
PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES		
Death benefits.....	1,754	1,522
Annuity benefits	656	556
Cash surrender values paid	3,099	1,184
Other	756	739
	<u>6,265</u>	<u>4,001</u>
INSURANCE POLICY RESERVE PROVISIONS	<u>21,966</u>	<u>19,164</u>
EXPENSES		
Interest	2,894	718
Sales.....	2,493	2,374
Administration.....	3,308	2,008
Depreciation.....	209	80
	<u>8,904</u>	<u>5,180</u>
Total payments, provisions and expenses	<u>37,135</u>	<u>28,345</u>
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS AND EXTRAORDINARY ITEMS	1,995	1,780
Income taxes current.....	546	463
Income taxes deferred	83	44
Income before minority interests and extraordinary item.....	1,366	1,273
Minority interests	698	624
Income before extraordinary item	668	649
Reduction of income taxes due to application of loss carried-forward.....	40	17
NET INCOME FOR THE YEAR	<u>\$ 708</u>	<u>\$ 666</u>
EARNINGS PER SHARE		
Income before extraordinary item (based on average of 1,178 shares outstanding during the year, 1978 1,468 shares)	<u>\$567.02</u>	<u>\$442.10</u>
Income after extraordinary item (based on average of 1,178 shares outstanding during the year, 1978 1,468 shares)	<u>\$601.01</u>	<u>\$453.68</u>

See accompanying notes to financial statements.



Newco Financial Corporation (Continued under the Canada Business Corporations Act)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1979

1. Summary of significant accounting policies

a. Principles of consolidation

The consolidated financial statements for the year ended December 31, 1979 include the accounts of the following subsidiaries:

	Percent of ownership
The North West Life Assurance Company of Canada.....	100%
NW Fund Management Ltd. (subsidiary of The North West Life Assurance Company of Canada.....)	100%
NW Investments Ltd.	100%
NW Growth Investments Ltd., common shares (subsidiary of NW Investments Ltd.)	100%
Continental Estates Corporation Ltd., common shares (subsidiary of NW Growth Investments Ltd.)	100%
Newco Printing Ltd.	100%
Newco Realty Ltd.	100%
Newco Enterprises Ltd.	100%

All material inter-company transactions have been eliminated.

The 1978 comparative financial statements include the results of Continental Estates Corporation Ltd. since its acquisition on October 1, 1978.

The Company incorporated a new subsidiary trust company in November, 1979. However, it has not been consolidated as it was not funded until after the year end.

The consolidated financial statements of Newco Financial Corporation reflect 60% of the earnings of NW Growth Investments Ltd., as 40% of the earnings after preference dividends, effectively accrue to the preferred shareholders (Note 10).

b. Accounting policies

A significant portion of the consolidated accounts represent the accounts of the Life Assurance subsidiary, which have been prepared on the basis of accounting practices prescribed or permitted by the Department of Insurance of Canada.

A summary of the significant accounting policies is set out below.

Bonds are carried at amortized cost. Profits and losses on sales of bonds held for the life insurance business are amortized on a straight-line method to the date of maturity of the bond or over 20 years whichever is the earlier.

Stocks are carried at cost. For life insurance business this includes a portion of the difference between cost and market value and a deferred portion of the realized profit and losses on the sale of stocks.

Mortgage loans on real estate for all consolidated companies, are carried at their outstanding principal balance.

Real estate held is carried at cost.

Segregated investment funds are carried at market value.

Fixed assets are carried at cost less accumulated depreciation.

Income taxes for the Life Assurance subsidiary are reported on an estimated actual taxes payable basis rather than the tax allocation basis.

Statutory life policy and annuity contract reserves are determined using assumptions appropriate to the Company and the policies in force. For life insurance business the calculation assumes that the amount of acquisition expenses allowed by law is deferred and amortized over the premium paying period of the policies. Reserves for policies with cash surrender values are at least equal to that value. There are no negative reserves.

United States dollar items in these statements have been converted at par. If current rates of exchange had been used for all items, there would have been an increase in total assets of approximately \$5,027,000 and an increase in total liabilities of approximately \$4,870,000 resulting in an increase in retained earnings of \$157,000.

2. Comparative figures

During 1978 a number of complex changes were made to the Canadian and British Insurance Companies Act and resulted in a number of accounting policy changes in 1978 with an increase to 1977 surplus of \$1,354,000. In 1979 the actuarial reserves were reviewed and it was determined that a further \$163,000 was required to meet the new standards. This has been charged against opening surplus.

In addition, it was found necessary to strengthen group health reserve for 1978. Accordingly, 1978 income and surplus has been reduced by \$113,000 which is net of income tax effects.

Continental Estates Corporation Ltd. has retroactively adopted the tax allocation basis for accounting for income taxes. This has resulted in a charge against opening surplus of \$100,000 which is net of the minority interest portion.

Certain other accounts have been reclassified to conform with the current year's presentation.

3. Mortgage loans on real estate

In 1976 the Company granted an interest bearing loan of \$100,000 to an officer of the Company. The loan is fully secured by a second mortgage and has a five year term. In 1979 the Company granted an interest bearing loan of \$60,000 secured by a first mortgage of \$60,000 with a two year term to an officer of the Company.

4. Cash and term deposits

Of the term deposits, \$230,000 is pledged as collateral for a loan to a third party. The loan is also secured by an assignment of current and future amounts payable to the third party.

5. Segregated funds

The Company owns 40,000 units in The North West Property Fund for a cost of \$200,000. This investment and the corresponding segregated fund liability are eliminated in these statements.



6. Investment in life insurance portfolio, fund management contracts and related agency forces

This amount arose principally during 1969 and 1970 on the acquisition of the Life Insurance and Mutual Fund Management subsidiary companies and represents the cost of the acquisition less the capital and surplus of the subsidiaries at the dates of acquisition.

7. Debentures and savings certificates

a. Debentures issued and outstanding

Debentures payable, including interest left on deposit to compound (1979 - \$2,474,000, 1978 - \$2,828,000), secured by a first floating charge on all the assets of the Company consist of:

	1979	1978
Call debentures, including fixed term debentures due within 100 days of year end date, bearing interest at rates of 7% to 11½% per annum	\$1,380,000	\$1,941,000
Accrued interest thereon ...	—	1,000
	<u>1,380,000</u>	<u>1,942,000</u>
Fixed term debentures, for terms varying from one to five years, bearing interest at rates of 8¼% to 11½% per annum	15,543,000	21,833,000
Accrued interest thereon ...	—	31,000
	<u>15,543,000</u>	<u>21,864,000</u>
	<u>16,923,000</u>	<u>23,806,000</u>

b. Savings certificate issued and outstanding

Savings certificates, including interest left on deposit to compound of (1979 - \$318,000, 1978 - \$37,000) consist of:

Call certificates, including fixed term certificates due within 100 days of year end date, bearing interest at rates of 9% to 13-5/8% per annum	2,866,000	1,688,000
Accrued interest thereon ...	73,000	20,000
	<u>2,939,000</u>	<u>1,708,000</u>
Fixed term savings certificates for terms varying from one year to five years; bearing interest at rates of 8¾% to 13-5/8% per annum	11,096,000	2,468,000
Accrued interest thereon ...	24,000	11,000
	<u>11,120,000</u>	<u>2,479,000</u>
	<u>14,059,000</u>	<u>4,187,000</u>

c. Non-interest bearing deposits

88,000 —

Total debentures and savings certificates \$31,070,000 \$27,993,000

8. Due to shareholders

The amount due to shareholders represents the unpaid balance arising from the share consolidations in 1974 and 1977.

9. Demand bank loan and bank indebtedness

Included in the balance are unsecured demand bank loans totalling \$648,000.

10. Minority interest

Included in minority interest is \$9,608,680 which represents 1,960,955 issued redeemable, cumulative, 6% preferred shares of NW Growth Investments Ltd.

The holders of redeemable preferred shares are entitled to receive fixed preferential cumulative cash dividends at the rate of 6% per annum.

If all accrued and unpaid dividends on the redeemable preferred shares have been fully paid, the Board of Directors may declare further dividends which shall be paid to both the common shares and redeemable preferred shares as follows:

60% of such additional dividends to the common shares;

40% of such additional dividends to the redeemable preferred shares.

The Board of Directors is of the opinion that no additional dividends will be declared for the foreseeable future as it is in the best interests of the Company to reinvest all earnings to ensure its continued growth and profitability.

11. Capital stock

The Company acquired 97 common shares during the year and consequently reduced the capital stock.

	Number	Value
Issued at December 31, 1978	1,227	\$5,851,000
Acquired during the year	97	470,000
Issued at December 31, 1979	<u>1,130</u>	<u>\$5,381,000</u>

There are 3,037 shares of The North West Life Assurance Company of Canada outstanding which could as a result of an offer outstanding, be exchanged for and result in the issuance of 8 shares of Newco Financial Corporation.

12. Contributed surplus

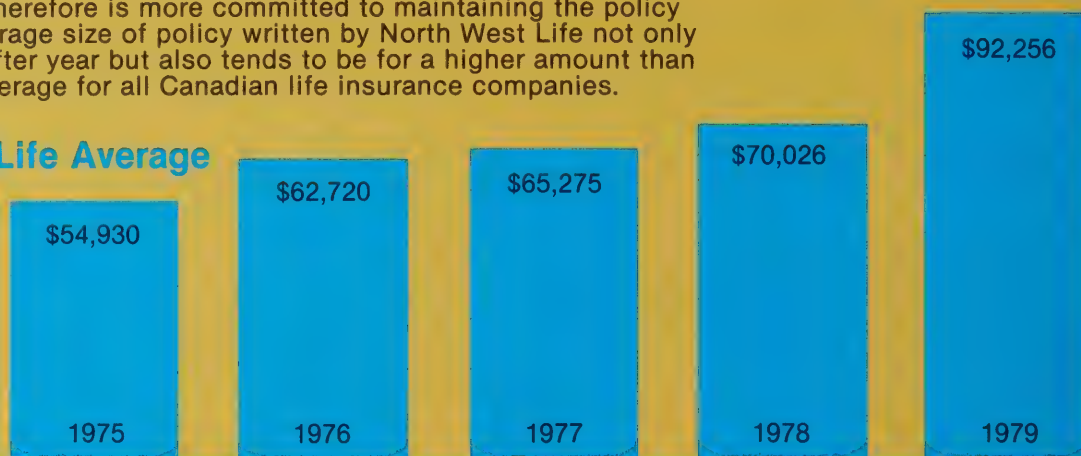
Contributed surplus arises from the reduction of share capital and from the share consolidations in 1974 and 1977.



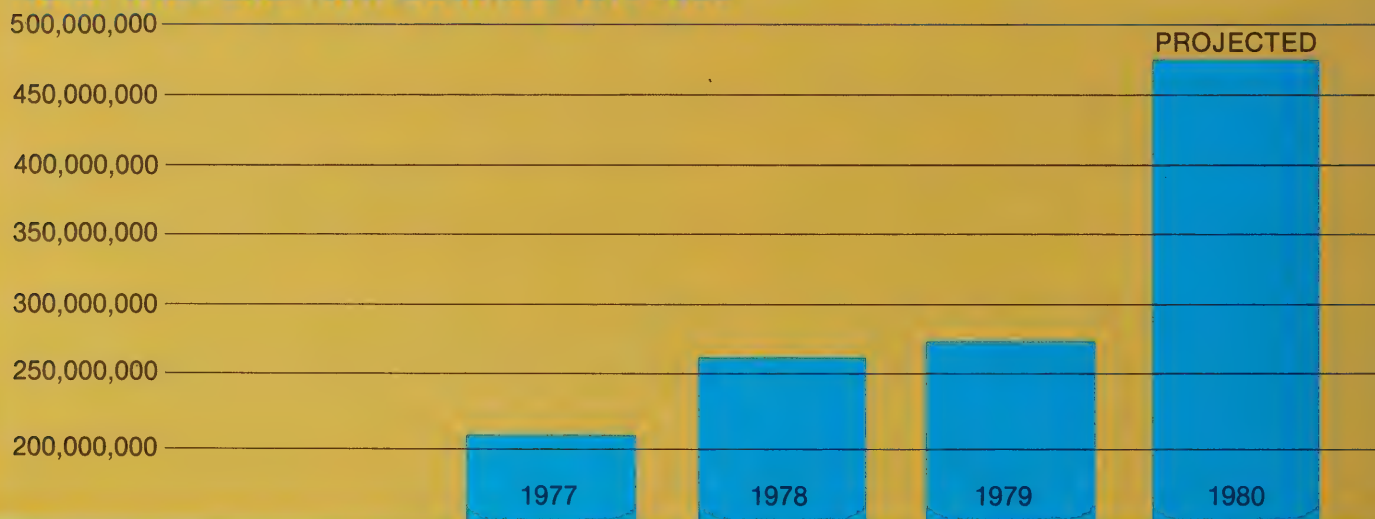
THE COMPANY'S GROWTH, PAST, PRESENT AND PROJECTED

The *quality* of life insurance written is just as important as the *quantity* written. A policy in a substantial amount tends to indicate that the purchaser is in a high income bracket, that he is confident of the future, and therefore is more committed to maintaining the policy in force. The average size of policy written by North West Life not only increases year after year but also tends to be for a higher amount than the statistical average for all Canadian life insurance companies.

North West Life Average Policy Size



North West Life: New Business 1977-1980



North West Life: Life Insurance Business in Force 1977-1980





CONTINENTAL ESTATES CORPORATION LTD.

Continental's Growth Points the Way to a Promising Future for Citizens Trust.

In his dual role as President of Continental Estates Corporation Ltd. and of Citizens Trust Company, Arthur W. Putz presides over the two most recent additions to the Newco group of companies. "The recent growth of Continental, even in the relatively short period under our management," says Mr. Putz, "is an indicator of the prospects we foresee for Citizens Trust. Both are engaged in similar fields of activity; both are committed to meet proven needs with the highest standards of service; both can call upon the seasoned experience of our senior management team. We have already seen the influence of those policies and personnel on the performance of Continental. I am confident that Citizens will soon tread the same successful path."



Arthur Putz, President

Tanya Wilson serves term deposit customer Howard L. Benton. (left to right) Busy members of staff, Angela Williams and Aileen Findlay.





(above) Sharon Stickney is entering general ledger input into the micro data system.

(top) Jack Magdalin, General Agent and Roger Bush, Manager Agency Administration.

(below) Warr Noseworthy, Reinsurance Manager, examining an electro-cardiogram with Dennis Sallaway, Superintendent of Underwriting.





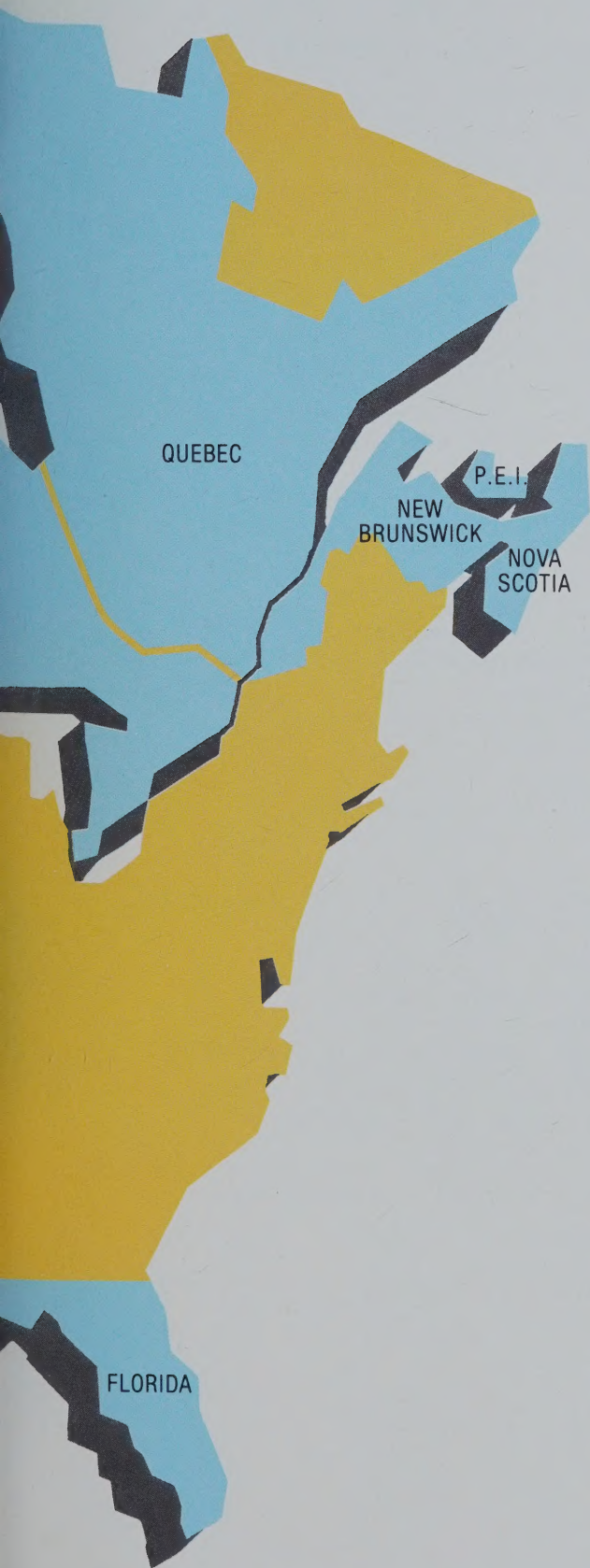
(top) David Coulson, General Agent, and Harry Robinson, Superintendent of Agencies.



(below) Silvana Mastronardi is entering life annuity quotations, while Sue Shaw, secretary to the chief actuary reviews statistics with actuarial clerk, Fran Gaistford.



The company's agency force has grown to 1026 agents operating from 64 general agencies and serving communities throughout Canada and the United States.



(left)
Halifax, Nova Scotia



(below l. to r.)
Phoenix, Arizona
Regina, Saskatchewan
Portland, Oregon
Edmonton, Alberta
Chicago, Illinois





NEWCO FINANCIAL CORPORATION

Directors

Gerald T. Corlett
Consultant
Vancouver, B.C.

Ernest A. Johnson
Physician & Surgeon
Calgary, Alberta

Peter G. Ropchan
President, Newco Financial Corp.
West Vancouver, B.C.

H. J. C. Terry
President, Potter Distilleries Ltd.
North Vancouver, B.C.

George A. Wilkinson
President, Wilkinson Industrial Consultants Ltd.
Vancouver, B.C.

Officers

Peter G. Ropchan, President
Arthur W. Putz, Vice-President
Hugh J. MacKay, Vice-President, Finance
Donald J. Livingstone, Vice-President & Secretary
Gordon G. Ropchan, Vice-President & Treasurer

Home Office

595 Howe Street
Vancouver, B.C. V6C 2T5
Canada

Registrar and Transfer Agents

The Canada Permanent Trust Company
Vancouver, Canada

Bankers

The Toronto Dominion Bank
Vancouver, Canada

Shareholders Auditors

Touche Ross & Co.
Vancouver, Canada

OTHER SUBSIDIARIES OF NEWCO

NW Investments Ltd.
NW Growth Investments Ltd.
Continental Estates Corporation Ltd.
NW Fund Management Ltd.
Distributors of
 NW Canadian Fund Ltd.
 NW Equity Fund Ltd.
Newco Printing Ltd.
Newco Realty Ltd.

THE NORTH WEST LIFE ASSURANCE COMPANY OF CANADA

Directors

Gerald T. Corlett
Consultant
Vancouver, B.C.

Harvey J. Grey, Q.C.
Barrister & Solicitor
West Vancouver, B.C.

Ernest A. Johnson
Physician & Surgeon
Calgary, Alberta

Ralph J. Leonard
Retired
Lethbridge, Alberta

Daniel MacDermid
Business Executive
Drumheller, Alberta

Gordon G. Ropchan
Vice-President & Treasurer
North Vancouver, B.C.

Peter G. Ropchan
President, Newco Financial Corp.
West Vancouver, B.C.

H. J. C. Terry,
President, Potter Distilleries Ltd.
North Vancouver, B.C.

George A. Wilkinson
President, Wilkinson Industrial Consultants Ltd.
Vancouver, B.C.

Officers

Peter G. Ropchan, President
& Chairman of the Board
Donald R. Francis, Executive Vice-President
Arthur W. Putz, Vice-President
Hugh J. McKay, Vice-President, Finance
Ron. W. Pepper, Vice-President,
 Product Development
Donald J. Livingstone, Vice-President and Secretary
Gordon G. Ropchan, Vice-President and Treasurer

Home Office

595 Howe Street
Vancouver, B.C. V6C 2T5
Canada

